
Program Review:
Department of
Natural Resources
Soil and Water
Conservation Program

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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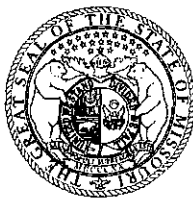
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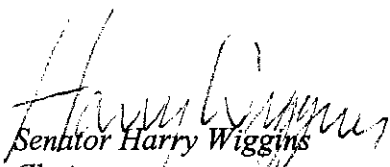
October 29, 1997


Members of the General Assembly:

The Oversight Division of the Committee on Legislative Research has conducted a management review of the **Soil and Water Conservation Program** within the Department of Natural Resources in response to a May, 1996 resolution of the Committee. Fieldwork was performed between November, 1996 and July, 1997 and a report was released on October 29, 1997.

The report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. An executive summary of the report is attached for your convenience. Full copies of this report may be obtained from the Oversight Division, Room 132, State Capitol Building.

We hope this information is helpful and can be used for the betterment of the state program to which it relates.


Senator Harry Wiggins
Chairman
Committee on Legislative Research


Representative Larry Thomason
Vice Chairman
Committee on Legislative Research

EXECUTIVE SUMMARY

In 1984 Missouri voters authorized a one-tenth cent sales tax for Parks and Soils as a result of the state budget crisis, the deterioration of state parks and reports that Missouri ranked second in the nation in soil erosion rates. The sales tax revenues were to be used for maintenance of state parks and maintenance of the productive power of agricultural land in the state. The tax was re-authorized by voters in 1988 and again in 1996. Our review focused on the funds provided to the Soil and Water Districts in the state and the administration of those funds by the Department of Natural Resources and the Districts.

The Department of Natural Resources' Division of Environmental Quality houses the state's soil and water conservation program (Program). The Soil and Water Conservation Commission is comprised of members appointed by the Governor with the advise and consent of the Senate. Each county in the state has a Soil and Water District Office which reports to a local Board overseen by the Commission. The Commission as well as the District Offices receive support and guidance from the DNR- Division of Environmental Quality. The districts promote good farming practices to prevent soil erosion and sedimentation of water in Missouri. They also administer state-wide cost-share and loan-interest share programs. As of June 30, 1996, the Program had 60 full time employees in DNR with an annual operating budget of \$2.4 million and a program specific budget of \$30 million. In addition to DNR staff, each local district office employs staff.

Are the proceeds from the one-tenth cent sales tax being used for the intended purpose?

The Oversight Division concluded that the State Soil and Water Districts Commission and the Department of Natural Resources-Soil and Water Conservation Program are expanding the soil and water conservation program beyond the intent of the constitutional amendment passed by voters to include nonpoint source pollution. Nonpoint source pollution is defined as the chemical runoff and sedimentation build-up in streams and reservoirs. The DNR identifies agriculture as a major cause of lake and stream impairment in Missouri. They further state that sediment carrying pesticides and excess nutrients from agricultural fields is the primary cause of non-point source pollution. The Constitution specifically states that one-half of the one-tenth cent sales tax revenues are to be used for the saving of the soil and water of this state for the conservation of the productive power of Missouri agricultural land. The DNR reported to the House Interim Committee on the 1/10th Cent Sales Tax that non-point source pollution would be included in the new proposed program goals as a basis for renewal of the sales tax in 1996 and that this would be presented to voters during renewal efforts. The ballot language submitted to voters did not include nonpoint source pollution.

Another portion of the sales tax proceeds, approximately \$1.3 million annually, is being used to help fund a statewide soil survey which is admittedly a federal government responsibility. In 1977, DNR began using general revenue funds to underwrite the project and after the passage of the one-tenth cent sales tax, used the new tax proceeds. DNR has been involved with the survey for nearly twenty years and plans for completion of the project extend to the year 2002. The current Commission Plan

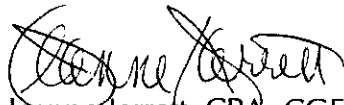
states the Commission wants all counties to have a survey available for use by farmers, contractors, developers and others who need specific soils information. Oversight questions whether the use of funds for this project meets the constitutional intent of the one-tenth cent sales tax.

Is the Program effectively reducing the erosion of Missouri land and maintaining the level of productivity of the land? The State Soil and Water Districts Commission and the Department of Natural Resources-Soil and Water Conservation Program have not met their own target dates for completion of major projects, extending them by four to six years. However, Missouri has reportedly reduced the loss of tons of soil per acre due to erosion by twenty-six percent compared to a national average of sixteen percent loss. This reduction has been accomplished at a high cost to taxpayers. Over a five-year period Missouri reduced its highly erodible acres by twelve percent compared to the national average of ten percent while spending over \$123,000,000 in program specific items. Missouri is the only state with a dedicated sales tax to be used for soil erosion and water conservation. Oversight noted other states provide annual funding ranging from \$830,000 to \$8,461,850 from general revenue or licensing fees for administration and program specific items.

Has the DNR and District Staff effectively and efficiently administered the Program? The DNR has not been effective in providing technical management assistance to the local soil and water conservation districts. Even though the DNR has nine employees whose sole responsibility is to provide technical assistance to the Districts and fifty-two other employees who also provide assistance as needed, recurring problems with budgeting procedures, personnel management, and file documentation were noted in internal and external audit reports on local district offices. Oversight also noted problems with the accuracy of DNR's cost-share database. At the local level, Oversight's review of cost-share practice files in five local soil and water district offices revealed instances of local district board members approving their own cost-share applications and payment claims. This seems to be contrary to state law and program policy.

This review includes detailed findings and recommendations for changes in management practices and procedures related to the Soil & Water Conservation Program administered by the Department of Natural Resources and local District Offices. The Department's official responses to the findings and recommendations are incorporated into the report. Our review was performed in accordance with generally accepted government auditing standards as they relate to program and performance audits. We did not examine departmental financial statements and do not express an opinion on them.

We acknowledge the cooperation and assistance of staff of the Department of Natural Resources and local District personnel during the review process.


Jeanne Jarrett, CPA, CGFM
Director, Oversight Division

Introduction

The Joint Committee on Legislative Research directed the Oversight Division to conduct a program review of the Department of Natural Resources' (DNR) soil and water conservation program. The review had three major components: to determine and evaluate whether DNR is effectively reducing the erosion of Missouri land and maintaining the level of productivity of the land, to determine if sustainable land management by promoting the best use of soil and water resources has been effective, and to determine if the state-funded cost-share program is providing financial incentives in an effective and efficient manner to landowners to install erosion control projects and practices they would not otherwise install.

Background

The Department of Natural Resources (DNR) serves all the state's citizens through its involvement in environmental and resource-related issues of the day. DNR deals with the critical area of energy, helps develop mineral resources in an environmentally safe manner, protects Missouri's environment, and works to preserve the state's historic and cultural heritage. Five divisions enable DNR to carry out its responsibilities: Division of Energy, Division of Environmental Quality, Division of Geology and Land Survey, Division of Administrative Support, and Division of State Parks. The director of DNR manages the activities of the five divisions. Responsible directly to the governor, the director recommends policy on the protection of Missouri's natural resources.

Within the Division of Environmental Quality is the state's soil and water conservation program (Program). The Program implements the policies and general programs made by the Soil and Water Districts Commission to conserve Missouri's soil and water resources. The Program administers funds provided by the parks-and-soils sales tax for the use or benefit of the individual soil and water conservation districts. These districts promote good farming practices to prevent soil erosion and sedimentation of water in Missouri. The primary responsibilities of the program include assisting counties in establishing soil and water conservation districts and providing

educational programs and financial incentives for Missourians interested in stopping soil erosion. Other program activities include encouraging concentrated land treatment in special areas, accelerating a statewide soil survey, and administering statewide cost-share and loan-interest share programs. As of June 30, 1996, the Program had 60 full-time equivalent employees with an operating budget of \$2,244,784 and a program specific budget of \$30,056,200. The average annual expenditure for the cost-share program was \$24,194,994 and \$208,465 was spent on research projects. The Program also provides direct assistance to the 114 local districts through managing the grants-to-districts programs. The average annual grants to the districts was \$4,715,549 annually.

The one-tenth cent sales tax, in part modeled after the one-eighth cent Conservation Sales Tax, is a direct result of the two concurrent events of the early 1980's: the Missouri state budget crisis and the resulting deterioration in the Missouri state park system, and reports that ranked Missouri second in the nation in soil erosion rates. In 1983, the Missouri legislature placed the one-tenth cent sales tax, with a five-year sunset provision, on the August, 1984 ballot. Voters approved the sales tax. Legislative efforts to place a reauthorization vote on the ballot failed in the General Assembly in 1987, but through the initiative petition process, reauthorization, with a ten-year sunset, was placed on the November, 1988 ballot. The reauthorization was approved by the voters. Again through the initiative petition process, reauthorization, with a ten-year sunset, was placed on the November, 1996 ballot. The reauthorization was approved by the voters.

Objectives

The review had three primary objectives: to determine and evaluate if DNR is effectively reducing the erosion of Missouri land and maintaining the level of productivity of the land, to determine if sustainable land management by promoting the best use of soil and water resources is effective, and to determine if the state-funded cost-share program is providing financial incentives in an effective and efficient manner to landowners to install erosion control projects and practices they would not otherwise install.

Scope

The scope of the review concentrated on the effectiveness and efficiency of the Department of Natural Resources, Soil and Water Conservation Program's use of the one-tenth cent sales tax revenues for the time period of July 1, 1991 through June 30, 1996. The main areas considered in the review were: if DNR is effectively reducing the erosion of Missouri land and maintaining the level of productivity of the land, if DNR is effectively sustaining land management by promoting the best use of soil and water resources, and if the state-funded cost-share program is providing financial incentives in an effective and efficient manner to landowners to install erosion control projects and practices they would not otherwise install.

Methodology

The Oversight Division conducted the review in accordance with Government Auditing Standards issued by the Comptroller General of the United States as those standards relate to performance audits. The methodology used by the Oversight Division included tests of samples of transactions and evaluations of management controls to the extent necessary to fulfill review objectives. A primary method used to measure objectives was conducting personal interviews with agency personnel. Additionally, the review included performing on-site testing of controls and procedures. DNR and local soil and water conservation districts also provided documentation as requested.

Findings

Recommendations

Agency Responses

FINDING#1:	The State Soil and Water Districts Commission and the Department of Natural Resources - Soil and Water Conservation Program are expanding the soil and water conservation program beyond the intent of the constitutional amendment to include nonpoint source pollution.
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The State Soil and Water Districts Commission (Commission) and the Department of Natural Resources (DNR) - Soil and Water Conservation Program (Program) are expanding the soil and water conservation program beyond the intent of the constitutional amendment to include nonpoint source pollution. Nonpoint source pollution is defined as the chemical runoff and sedimentation build-up in streams and reservoirs. Article IV, Section 47 (a) of the Missouri Constitution states that "For the purpose of providing additional monies to be expended and used by the department of natural resources through the state soil and water districts commission as defined in section 278.070, RSMo, for the saving of the soil and water of this state for the conservation of the productive power of Missouri agricultural land,...an additional sales tax of one-tenth of one percent is hereby levied". In addition, DNR reported to the House Interim Committee on the 1/10-cent Sales Tax that the nonpoint source pollution would be included in the new proposed program goals as a basis for requesting renewal of the sales tax. The report further stated that the proposed new program goal (nonpoint source pollution) could be presented to the voters during renewal efforts. Oversight reviewed the ballot language of the constitutional amendment submitted to voters and concluded that nonpoint source pollution was not mentioned.

In reviewing the Commission minutes, Oversight noted a presentation by program staff to the Commission at the May, 1994 commission meeting to include a program goal of non-point source agriculture pollution using a watershed based approach. In addition, a presentation was made at the April, 1995, Commission meeting by the DNR - Water Pollution Control

Program concerning non-point source pollution. At the October, 1995 Commission meeting, the Commission voted to approve a call for pilot non-source projects. In addition, the Commission also approved an administrative rules change to clarify the use of cost-share funds for practices addressing non-point source pollution.

Oversight believes that the Commission and DNR - Program are expanding the soil and water conservation program beyond its original intent with the sales tax being potentially spent on nonprogram operations. By expanding the program to include nonpoint source pollution before the voters decided on the renewal of the sales tax, the Commission and Program were not within the intent of the constitutional amendment that the voters had approved in November, 1988.

RECOMMENDATION TO FINDING #1

Oversight recommends that the State Soil and Water Districts Commission and DNR should revise the program's goals to comply with the intent of the constitutional amendment.

Agency Response to Finding #1

We disagree. The SALT program addressing agricultural non-point source pollution prevention is within the intent of the constitutional language, state statute and program rules. The language of the Missouri Constitution did not change when the tax was renewed in 1996. Article IV Sections 47 (a), 47 (b) and 47 (c) of the Missouri Constitution states, "For the purpose of providing additional moneys to be expended and used by the department of natural resources through the state soil and water districts commission as defined in section 278.070, RSMo, for the saving of the soil and water of this state for the conservation of the productive power of Missouri agricultural land..." Because the commission is specified in the constitutional language, it has the authority to address soil and water saving measures.

The powers and duties of the commission are stated in RSMo 278.080 as follows: "The state Soil and Water Districts Commission shall formulate policies and general programs for the saving of Missouri soil and water by the soil and water conservation districts...and shall be the administrative agency to represent this state in these and all other matters arising from the provisions of sections 278.060 to 278.300." We believe this authorizes the commission to develop programs for saving Missouri's soil and water

resources. The cost-share program rules (10CSR 7-5-060 (7)) as amended September 30, 1996, states, "The commission shall have the authority to conduct pilot projects for the purpose of testing development and implementation of new cost-share practices appropriate for future soil and water conservation needs." This rule (which was sent to the Joint Committee on Administrative Rules on May 21, 1996, in accordance with RSMo 278.080.6 through 278.080.12) provides for the dual objective of erosion control and water quality protection consistent with "saving of soil and water" provision of the constitution. Runoff from agricultural land may transport sediment, fertilizers, pesticides, or herbicides that not only degrade our state's water resources but are also in excess of what is needed to maximize agricultural productivity. Therefore, the commission is addressing its constitutional mandate for conservation. The Attorney General was involved in the rule change process and determined that the pilot projects to address agricultural non-point source pollution are within the scope of this rule. The SALT program is not an expansion since the focus is on erosion control that keeps sediment out of streams. This is permissible under the commission's authority as defined above.

Agriculture has been identified as a major cause of lake and stream impairment in Missouri. Sediment carrying pesticides and excess nutrients from agricultural fields is the primary cause of non-point source pollution. When runoff occurs on a farm, sediment with pesticides and excess nutrients end up in Missouri's rivers and streams. By keeping the sediment on the farm, the waters are protected and the productive power of agricultural land is conserved. The commission's Plan for the Future included this program as part of the basis for the renewal of the tax. Information on the commission's plan was provided to the governor's office, the Interim Committee on the Parks and Soil Sales Tax, the legislature, and many agricultural and conservation groups, as well as the media. The Citizen's Committee for Soil, Water and State Parks produced and widely distributed brochures that clearly stated the SALT program was part of the basis for renewal of the tax.

FINDING #2:	The State Soil and Water Districts Commission members are not filing financial disclosure statements with the Missouri Ethics Commission as required by Section 105, RSMo.
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During Oversight's review of the State Soil and Water Districts Commission (Commission) members financial disclosure statements it was noted the five commission members had not filed any disclosures with the Missouri Ethics Commission as required by Section 105, RSMo. In addition, Commission members that did file were inconsistent in reporting. Oversight noted periods in which certain Commission members did not file financial disclosures. It was also noted that a Commission member filed one financial disclosure for the time period of January 1, 1983 through June 6, 1996.

Section 105.483, RSMo states "Each of the following persons shall be required to file a financial interest statement: ...(10) The members, ... of each board or commission which enters into or approves contracts for the expenditure of state funds ...". The Department of Natural Resources (DNR) stated that Ethics Commission informs DNR to advise the Commission members that they are required to file financial disclosure statements. The Ethics Commission stated the DNR interprets the statutes, determines who is required to file financial disclosure statements and informs the Ethics Commission of who is required to file. The Ethics Commission then follows up on that information. Section 105.487, RSMo, states that "The financial interest statements shall be filed at the following times, ... (3) Every other person required by sections 105.483 to 105.492 to file a financial interest statement shall file the statement annually not later than the first day of May and the statement shall cover the calendar year ending the immediately preceding December thirty-first ...".

In addition, as a requirement for appointment to the State Soil and Water Districts Commission Section 278.080 (2), RSMo 1996 states that "each of the six farmer members shall be holding legal title to a farm, and shall be earning at least the principal part of his livelihood from a farm, all at the time of his appointment to the Commission." The filing of financial interest statements could serve as documentation that these conditions have been met.

RECOMMENDATION TO FINDING #2

The State Soil and Water Districts Commission members should file the required financial disclosure statements in the manner prescribed in Section 105, RSMo.

Agency Response to Finding #2

While this is a responsibility of individual voting commission members, the SWCP has reminded the commission members during the monthly meetings. In addition, the director's office does an annual mailing to all commissions reminding the members of this legal requirement. We understand from the working papers provided that all current commissioners are in compliance with this requirement.

FINDING #3:	The information contained in the Department of Natural Resources - Soil and Water Conservation Program cost-share database is not accurate or complete.
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The Department of Natural Resources (DNR) - Soil and Water Conservation Program (Program) maintains a database containing information on local cost-share practices that have been completed and are requesting reimbursement. The database information includes local district number, applicable fiscal year, land owner, type of cost-share practice, total practice cost, any federal reimbursement, and state reimbursement amount. In Oversight's review of these transactions, differences were noted between the total practice cost and the state reimbursement amount. The state reimbursement amount is limited to seventy-five percent except in certain situations. Oversight noted that the DNR database reflected state reimbursements greater than the total practice cost. Oversight determined that there were no overpayments, simply errors in the database. DNR stated the errors were probably the result of temporary employees incorrectly entering the information. Oversight also noted Department of Conservation programs included in the database as well as Special Area Land Treatment practices.

RECOMMENDATION TO FINDING #3

Oversight recommends that the Department of Natural Resources - Soil and Water Conservation Program maintain an accurate and complete database of all cost-share practices.

Agency Response to Finding #3

We disagree. We are very pleased that Oversight noted that there were no overpayments to landowners in this finding, just their perception that there are errors in the database. Oversight cited instances in approximately 12% of the cost share practices reviewed that reflected state reimbursement greater than practice cost. Oversight did not take into account those practices where there is no actual cost except for the landowner's time and equipment. For these practices, zero is entered as practice cost. The cost-share program provides an incentive to get the landowner to try the practice. These practices that have zero cost entered are DSL-3 strip cropping, DSL-13 contour farming, DSL-14 reduced tillage, DSL-15 no till system, and the DSL-20 filter strips. While human error is a factor, a query was run against this database to determine how many times the practice cost was entered as less than the actual cost and eliminating those practices listed above where the cost is entered as zero. The results showed that there are 230 claims out of a total of 98,564 that had errors, a factor of .002%. This minor error rate is well within generally accepted error margins.

The Missouri Department of Conservation (MDC) cooperative cost-share programs are included in the database but the only items tracked for these cooperative programs is the amount of the check issued by MDC for the type of practice and the acres served. Also included is the cost-share data on the SALT and EARTH projects. These, along with the MDC cooperative programs are coded differently from the regular cost-share data. An alphabetical coding is used to identify the specific program. This database tracks everything separately and distinctly.

FINDING #4:

Board members of local soil and water conservation districts are approving their own cost-share applications and payment claims.

During Oversight's review of cost-share practice files in five local soil and water conservation district offices instances of potential conflicts-of-interest were noted with local district board members approving their own cost-share applications and payment claims. Section 105.452, RSMo states "No elected or appointed official or employee of the state or any political subdivision thereof shall: (1) Act or refrain from acting in any capacity in which he is lawfully empowered to act as such an official ... any payment, offer to pay, ...to himself or any third person...". Section 105.450, RSMo defines a political subdivision as "any political subdivision of the state, and any special district or subdistrict". In addition, the Soil and Water Operations Manual states that a supervisor should not, under any circumstances, be authorized to take part in any manner in making any sale, lease, or contract or in any matter from which he/she can personally benefit financially.

RECOMMENDATION TO FINDING #4

Oversight recommends the State Soil and Water Districts Commission and the Department of Natural Resources - Soil and Water Conservation Program provide better explanation and training to local boards concerning proper procedures for local board members to refrain from potential conflicts-of-interest.

Agency Response to Finding #4

We agree. This is also a finding identified in our contract audits of the districts which cover the same time period as the Oversight review. Follow-up training has been provided through our annual statewide training conference and the annual area meetings held across the state. The Division of Administrative support made at least three presentations at our annual training conference and included this specific issue. In addition, staff from the Attorney General's office and the Department of Labor and Industrial Relations have conducted training on DNR identified audit findings. A memo addressing this finding was also sent to the districts along with a copy of the appropriate reference page from the cost-share handbook. This issue will also be addressed at future training opportunities.

FINDING #5:	The Department of Natural Resources - Soil and Water Conservation Program has not been effective in providing technical management assistance to the local soil and water conservation districts.
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During Oversight's review of internal and external audit reports on local soil and water conservation districts (Districts), recurring local management problems concerning proper budgeting procedures, personnel management, and proper file documentation were addressed. Budgeting procedures reported as concerns included failure to prepare an annual budget and not preparing an analysis of budget to actual information. Personnel procedures noted as concerns included no formal written personnel policy, failure to maintain time sheets, and payment of bonuses to local district employees. Lack of proper file documentation included failure to retain voided checks, checks being written without proper supporting documents such as invoices, and lack of personnel records for the filing of income tax forms. The Department of Natural Resources - Soil and Water Conservation Program (Program) has nine employees whose sole responsibilities are to provide technical assistance to the Districts to address the problems noted above. In addition, fifty-two other employees of the program provide assistance to the Districts. It appears to Oversight that given the seriousness of the problems noted in the audit reports that the Program has not been effective in providing assistance to the Districts.

In addition, in reviewing cost-share procedures Oversight traced certain information to local district board minutes of meetings. In this review, Oversight noted numerous personnel issues being discussed and included in the District's official public records. Section 620.021 (3), RSMo states that "...a public governmental body is authorized to close meetings, records and votes, to the extent they relate to the following: ...Hiring, firing, disciplining or promoting of particular employees by a public governmental body..." Decisions made in closed meetings should be reflected in the open minutes of the local district.

RECOMMENDATION TO FINDING #5

Oversight recommends that the Department of Natural Resources provide more training and on-site compliance review of the local districts procedures and recordkeeping. In addition, the Department should evaluate staffing

levels to determine if current job descriptions are appropriate for the job duties.

Agency Response to Finding #5

We disagree. According to Oversight review, this finding was included as a result of a review of findings contained in contract and DNR internal audits. The internal audit program provided Oversight with a matrix of these contract and DNR internal audit findings. The department and program have been very pro-active in providing technical management assistance to the districts. The need was recognized when DNR requested a budget expansion in fiscal year 1995 specifically for these contract audits of the districts. Follow-up training has been conducted on the specific findings and areas of weak internal controls. Over the past 4 years, extensive training has been provided by DNR's Internal Audit program specifically addressing the audit findings, the Attorney General's office provided training on nepotism, sunshine law and watershed responsibilities, DNR and NRCS provided training on personnel issues, DEQ staff provided training on accounting principles and procedures, and the US Department of Labor conducted training covering the Fair Labor Standards Act. Part of this follow-up to the audits is a requested budget expansion for fiscal year 1999 which will strengthen this ongoing effort to address the internal controls and accountability of district funds and to provide even more training for the districts and program staff. Also included in DNR's fiscal year 1999 budget is a request for additional funds for the district grants. This will allow the local boards to retain and hire quality staff and, also, to provide for necessary ongoing training. The SWCP is involved in the Missouri Association of Soil and Water Conservation Districts Capacity Building Committee comprised of members from the conservation partnership to identify training needs of the district supervisors and employees. The SWCP is involved in this committee as part of the commitment made to voters in the commission's Plan for the Future. That commitment is to "Help people solve local natural resource problems by strengthening the role of the Soil and Water Conservation Districts."

FINDING #6:	The Department of Natural Resources - Internal Audit Section does not function independent of all of the Department's divisions.
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Currently, the Department of Natural Resources (DNR) - Internal Audit Section (Section) reports to the director of DNR - Division of Administration. To ensure complete and objective audit coverage, the Section must be independent of the activities they audit through both departmental status and objective performance of their audits. The Section should be removed from the Division of Administration and placed directly under the DNR - Office of Director.

RECOMMENDATION TO FINDING #6

Oversight recommends the DNR - Internal Audit Section be removed from the Division of Administration and be organizationally placed under the Office of Director.

Agency Response to Finding #6

We disagree. This finding is not within the scope of the audit of the SWCP.

FINDING #7:	The State Soil and Water Districts Commission and the Department of Natural Resources - Soil and Water Conservation Program have not met their own target dates for completion of major projects, extending them by four to six years.
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In June, 1988, the State Soil and Water Districts Commission (Commission) adopted a long-range plan that, by the year 2000, would reduce the erosion on cropland, pasture, forestland, and rangeland in the state to "T". "T" is defined as the amount of soil loss which may be tolerated and still maintain a high level of productivity over a long period of time. In 1995 the long range plan was amended to move the attainment of "T" to the year 2006. In addition, the Department of Natural Resources (DNR) - Soil and Water Conservation Program (Program) reported to the House Interim Committee on the 1/10-cent Sales Tax that the soil survey for the state would be completed by 1998 but in the current Commission Plan for the Future the

date has been revised to 2002. With average expenditures of over \$32,000,000 annually during the review period for administration and programs, it appears that the Commission and Program either do not have realistic goals that can be attained or have not aggressively attempted to achieve them. Using information from the 1992 Natural Resources Inventory (NRI) from the U. S. Department of Agriculture, over a five-year period Missouri reduced its highly erodible acres by twelve percent compared to the national average of ten percent while spending over \$123,000,000 in program specific items. Missouri is the only state with a dedicated sales tax to be used for soil and water conservation. Oversight noted other states provide annual funding ranging from \$830,000 to \$8,461,850 from general revenue or licensing fees for administration and program specific items. The NRI also reflected that Missouri had reduced by twenty-six percent the loss of tons of soil per acre per year compared to the national average of sixteen percent.

RECOMMENDATION TO FINDING #7

Oversight recommends the State Soil and Water District Commission and the Department of Natural Resources - Soil and Water Conservation Program establish attainable goals for the use of the dedicated sales tax. Any revisions or changes to these goals must be within the intent of the constitution and statutes. In addition, any revisions or changes should be documented with reasons for the revisions or changes in the official Commission minutes.

Agency Response to Finding #7

We disagree. Oversight's report recognizes Missouri's success in soil loss reductions. It reaffirms that Missouri has reduced by twenty six percent the loss of tons of soil per acre per year compared to the national average of sixteen percent.

The commission's original goal of "T" by 2000 was to get 85% of Missouri's cropland and 95% of its pasture land to erosion rates of "T" (or tolerable) by 2000. With new 1992 data from the National Resources Inventory available in 1994, the Commission updated these goals to 95% of Missouri's cropland and pastureland by 2006. The commission and the department were realistically reassessing goals based on the latest statistically significant data available. This goal revision was a part of the commission's Plan for the

Future and information was widely disseminated to the governor's office, the legislature, media, and numerous conservation and agricultural groups.

These goals for 2000 and 2006 are consistent and complimentary of one another. The commission's programs are voluntary and available funds have been spent on these programs. While we have made progress as a state, we still have a long way to go. Missouri still has approximately five million acres of agricultural land to treat at an estimated cost of \$625 million. This includes one million acres currently enrolled in CRP. This could set us back when these CRP contracts expire, since the acres will need to be treated. It is certainly too early to say that we have not achieved our goals established for 2000. We continue to aggressively pursue the realistic, but challenging goals for 2000 and for 2006.

The basis for estimating completion of the soil survey fieldwork by 1998 was based on the best information available at the time this estimate was made. We set goals to challenge our people and our organization, and unfortunately, due to a number of factors, this goal could not be met. When management of the Soil and Water Conservation Program realized that the goal of completing the field work for the soil survey by 1998 would not be met, the commission, public, and DNR management were advised of the situation and a revised goal based on new data was developed. The Commission was given detailed reports at its March 23 and July 26, 1995, meetings on this topic. The goal of completing the fieldwork by the end of fiscal year 2002 by the soil survey partnership (districts, DNR, NRCS, UMC) is attainable, but will not be easy to achieve. Moving back goals does not mean that progress has not been made; close to 600,000 acres are mapped annually by DNR soil scientists.

The revisions to the soil survey and erosion reduction goals are contained in Commission minutes, were widely publicized by the Citizens' Committee for Soil Water and State Parks, and were a basis for the renewal of the sales tax.

FINDING #8:	Soil and water sales tax revenues are being spent on a statewide soil survey which is actually within the duties of the federal government and may be beyond the scope of the constitutional amendment creating the 1/10th cent sales tax.
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The Department of Natural Resources (DNR) - Soil and Water Conservation Program (Program) reported to the House Interim Committee on the 1/10-cent Sales Tax that the soil survey for the state would be completed by 1998 but in the current Commission Plan for the Future (Plan) the date has been revised to 2002. In addition, the Plan states the Commission wants all counties to have a survey available for use by farmers, contractors, developers and others who need specific soils information. It appears that the soil survey has many other uses that do not meet the intent of the sales tax.

As of October, 1996, sixteen counties were being surveyed or scheduled for survey. The total acres to be surveyed in these counties is approximately 4,307,699 acres. DNR submitted budget information estimating that 600,000 acres would be surveyed annually by the department. Based on this information, the soil survey would be projected to be completed by 2003. This completion date does not include review and publication of the county surveys.

DNR personnel indicated that a county soil survey takes approximately four to five years to conduct. DNR further indicated that entire counties are walked to achieve "ground truth". Soil samples are gathered and analyzed to determine the type of soil. DNR further stated that working with the federal government they could survey approximately 1,000,000 acres annually. Using this estimate, the soil survey would be projected to be completed by 2000. This completion date does not include review and publication of the county survey. The federal government has the ultimate responsibility for the soil survey. DNR indicated that due to federal cutbacks and reorganizations, funding by the federal government has been reduced over the years forcing Missouri to contribute resources for the completion of the soil survey. DNR is underwriting the survey with sales tax revenues for fiscal year 1997 of approximately \$1,302,129.

RECOMMENDATION TO FINDING #8

Oversight recommends that the Commission examine the relevance and significance of the soil survey project to the program. If the goal of the soil survey is not within the constitutional and statutory authority of the program, funding from the 1/10 cent sales tax should be discontinued.

If the Commission determines that participation with the federal government is justified, a more reasonable target date for completion should be adopted.

Agency Response to Finding #8

We disagree. Good soil and water conservation is based on good science. The soil survey provides the scientific information base for the districts, landowners, local government agencies, and Missouri citizens who have an interest in conserving or using the soil resource. The soil survey is of critical importance in "the saving of the soil and water of this State for the conservation of the productive power of Missouri's agricultural land..." We need to know about the resource we are trying to protect and conserve if we are to do a credible and defensible job. We need to know which land is highly erodible. We need to know, based on the soil type, which are the most appropriate conservation practices. We need good data about the soil resource, to be sure that Missouri tax dollars are being spent effectively. The lead agency for the National Cooperative Soil Survey is the Natural Resources Conservation Service. They are assisted around the country by local soil and water conservation districts, state agencies, and universities in these efforts. This teamwork approach has led to a remarkable cooperative effort in Missouri and we are making outstanding progress.

The Commission was presented with a proposal to help accelerate this survey effort in 1976 and, in 1977, the Missouri DNR began to provide additional state resources (initially general revenue) to accelerate the soil survey in Missouri. The initial passage of the Parks and Soils Sales Tax, as well as the two renewals, included the soil survey in the balanced set of programs to be funded by the tax. We are not replacing lost federal resources, as stated in the narrative to this finding, but we are trying to develop better science to make soil and water conservation decisions today. With approximately 5 million acres still needing treatment at an estimated cost of \$625 million to the year 2008, prioritizing treatment based on the latest science is critical since the soils tax generates approximately \$30 million per year.

The fact that people other than those in agriculture can benefit from the soil survey is an extra benefit, since all citizens of the state contribute to the sales tax. Once developed, this information is available to the public. Many people who use the soil resource for various purposes (including soil and water conservation; roads and highways; industrial, commercial, and residential development; recreation; ponds and lakes; local planning; and other uses of the land) find these surveys to be invaluable. Anyone can request a copy of soil survey publications at no charge from NRCS.

